

Exchange Service

# **Army and Air Force Exchange Service General Policies**

Headquarters  
Departments of the Army, Department of  
the Air Force  
Washington, DC  
17 June 1988

**Unclassified**

# ***SUMMARY of CHANGE***

AR 60-10/AFR 147-7

Army and Air Force Exchange Service General Policies

This revision--

- o Clarifies the mission of the Army and Air Force Exchange Service (para 1-4).
- o Redefines command relationships and the voting membership of the Exchange Region Commander's Councils (paras 1-7 and 1-8).
- o Expands upon the responsibilities of the Commander, Army and Air Force Exchange Service, exchange managers, and installation commanders (paras 2-1, 2-4 and 2-6).
- o Modifies visitor policy (para 2-6b(9)).
- o Clarifies guidance in awarding contracts for concession services to minority businesses (paras 3-4g and 3-4h).
- o Defines the role of the U.S. Army Audit Agency in audits of the Army and Air Force Exchange Service (para 3-17).

Effective 18 July 1988

Exchange Service

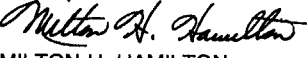
## Army and Air Force Exchange Service General Policies

---

By Order of the Secretary of the Army:

CARL E. VUONO  
*General, United States Army*  
*Chief of Staff*

Official:

  
MILTON H. HAMILTON  
*Administrative Assistant to the*  
*Secretary of the Army*

By Order of the Secretary of the Air Force:

LARRY D. WELCH  
*General, USAF*  
*Chief of Staff*

Official:

WILLIAM O. NATIONS  
*Colonel, USAF*  
*Director of Information Management*  
*and Administration*

**History.** This UPDATE printing publishes a revision that is effective 18 July 1988. Because the structure of the entire text has been reorganized, no attempt has been made to highlight changes from the earlier regulation dated 15 March 1984.

**Summary.** This regulation on Army and Air Force Exchange Service General Policies has been revised. The regulation implements DODD 1330.9 and DODI 1330.18 and prescribes the basic policies for the provision of exchange services to Army and Air Force activities worldwide.

**Applicability.** This regulation applies to all nonappropriated fund instrumentalities authorized worldwide by the Departments of the Army and Air Force. It applies to the Army and Air Force Exchange Service and nonappropriated fund instrumentalities established at commands and installations of the Active Army and Air Force, the Army and Air National Guard, and the Army and Air Reserves.

**Proponent and exception authority.**  
Not applicable

**Impact on the New Manning System.**

This regulation does not contain information that affects the New Manning System.

**Army management control process.** This regulation is not subject to the requirements of AR 11-2. It does not contain internal control provisions.

**Committee Continuance Approval.** The DA Committee Management Officer concurs in the continuance of the Board of Directors, Army and Air Force Exchange Service, which was established by AR 15-110/AFR 20-38 on 1 January 1956.

**Supplementation.** For Army users, supplementation of this regulation and the establishment of forms other than DA forms is prohibited without prior approval from HQDA (DACF-AE-P), ALEX VA 22331-0507. For Air Force users, supplementation of this regulation is prohibited without prior approval from HQ AFMPC/DPMS, Randolph AFB TX 78150-6001.

**Interim changes.** Interim changes to this regulation are not official unless they are authenticated by the Administrative Assistant to the Secretary of the Army and the Director of Administration of the Air Force. Users will

destroy interim changes on their expiration dates unless sooner superseded or rescinded.

**Suggested Improvements.** The proponent agency of this joint regulation is the Office of the Deputy Chief of Staff for Personnel, HQDA. Users are invited to send comments and suggested improvements on DA Form 2028 (Recommended Changes to Publications and Blank Forms) directly to the Chairman, Board of Directors, Army and Air Force Exchange Service, WASH DC 20330-6520.

**Distribution.**

Army: Distribution of this issue has been made in accordance with DA Form 12-9A-R requirements for 60-series publications. The number of copies distributed to a given subscriber is the number of copies requested in Block 99 of the subscriber's DA Form 12-9A-R. AR 60-10 distribution is D for Active Army, ARNG, and USAR. Existing account quantities will be adjusted and new account quantities will be established upon receipt of a signed DA Form 12-9U-R (subscription for Army UPDATE Publications Requirements) from the publications account holder.

Air Force: F

---

\*This regulation supersedes AR 60-10/ARF 147-7, 15 March 1984.

## **Contents** (Listed by paragraph and page number)

### **Chapter 1**

#### **Introduction**, *page 1*

Purpose • 1-1, *page 1*

References • 1-2, *page 1*

Explanation of abbreviations and terms • 1-3, *page 1*

Mission of the Army and Air Force Exchange Service • 1-4,  
*page 1*

Authority for AAFES • 1-5, *page 1*

Objectives of AAFES • 1-6, *page 1*

Organization of AAFES • 1-7, *page 1*

Command relationships • 1-8, *page 1*

Legal status of AAFES • 1-9, *page 1*

Use of AAFES trade names • 1-10, *page 1*

Funding support of AAFES • 1-11, *page 2*

### **Chapter 2**

#### **Responsibilities**, *page 2*

Commander, AAFES • 2-1, *page 2*

Chiefs, CONUS exchange or distribution regions, and

Commanders, AAFES, Europe, and AAFES, Pacific • 2-2,  
*page 2*

General managers • 2-3, *page 2*

Exchange managers • 2-4, *page 2*

Commanders of Army and Air Force major commands • 2-5,  
*page 3*

Installation commanders • 2-6, *page 3*

### **Chapter 3**

#### **Basic Policies**, *page 5*

Establishing an AAFES activity • 3-1, *page 5*

Resale policy • 3-2, *page 5*

Sales by civilian enterprises • 3-3, *page 5*

Procurement • 3-4, *page 5*

Equipment and facilities • 3-5, *page 6*

Financing service • 3-6, *page 6*

Patronage • 3-7, *page 6*

Earnings • 3-8, *page 6*

Dividends • 3-9, *page 6*

AAFES personnel • 3-10, *page 6*

Payment of theater expenses • 3-11, *page 7*

Loss of theater cash or other assets • 3-12, *page 7*

Communication systems • 3-13, *page 7*

Department and command inspections • 3-14, *page 7*

Audit by certified public accountants • 3-15, *page 7*

Internal audits • 3-16, *page 7*

Army Audit Agency audits • 3-17, *page 7*

General Accounting Office audits • 3-18, *page 7*

Transfer of activities • 3-19, *page 7*

### **Appendix A.** References, *page 8*

### **Glossary**

## **Chapter 1**

### **Introduction**

#### **1-1. Purpose**

This regulation prescribes the basic policies governing the provision of exchange and motion picture services to Army and Air Force activities worldwide. It implements the provisions of AR 15-110/AFR 147-1.

#### **1-2. References**

Required and related publications are listed in appendix A.

#### **1-3. Explanation of abbreviations and terms**

Abbreviations and special terms used in this regulation are explained in the glossary. Other terms are explained in AR 60-20/AFR 147-14.

#### **1-4. Mission of the Army and Air Force Exchange Service (AAFES)**

The mission of AAFES is to—

- a. Provide merchandise and services of necessity and convenience to authorized patrons at uniformly low prices.
- b. Generate reasonable earnings to supplement appropriated funds for the support of Army and Air Force morale, welfare, and recreation (MWR) programs.

#### **1-5. Authority for AAFES**

The Secretary of Defense has vested in the Secretaries of the Army and Air Force all functions, powers, and duties relating to exchange and motion picture activities within their departments. The authority vested in the Secretaries of the Army and Air Force is held jointly and co-equally.

#### **1-6. Objectives of AAFES**

In providing exchange and motion picture services, the Secretaries of the Army and the Air Force intend to meet the following objectives:

- a. Establishment of a centrally directed and jointly operated worldwide exchange and motion picture system.
- b. Establishment of uniform standards of service that are adequate to the needs of the Army and The Air Force. (The establishment of such standards is subject to applicable restrictions and practical limitations.)
- c. Full use of all available resources to achieve an economical and efficient operation and to ensure a sound capital structure. Available resources include facilities, funds, and personnel. Full use of these resources includes organizing and providing support services on a geographical basis.
- d. Maximum management efficiency. Modern business methods and uniform policies and procedures to meet mission requirements will be used.

#### **1-7. Organization of AAFES**

- a. AAFES comprises the activities, personnel, property, and non-appropriated funds that provide exchange and motion picture services to the Army and Air Force. AAFES is a joint command of the U.S. Army and U.S. Air Force. It is under the jurisdiction of the Chief of Staff, U.S. Army, and Chief of Staff, U.S. Air Force.
- b. The Board of Directors, Army and Air Force Exchange Service, directs the AAFES. The Board of Directors is responsible to the Secretaries of the Army and the Air Force through their Chiefs of Staff. (See AR 15-110/AFR 147-1.)
- c. The Commander, AAFES, is the executive agent for the Board of Directors for the administration of AAFES.
- d. In the continental United States (CONUS), Exchange Region Commanders' Councils (ERCCs) will be set up to coordinate command needs. Acting in an advisory capacity, the ERCC will assist in the identification of mutual operational and management problems.

(1) The chief of the exchange region will serve as an ex officio member without vote.

(2) The council will be chaired by one of its membership, selected by the membership.

(3) The voting membership of the council will consist of the installation commanders from each installation in the exchange region or if necessary, his or her designee. If the commanders concerned agree, the representative of one installation may represent more than one installation.

(4) The council will meet at least annually. The minutes of the meeting will be distributed to each installation commander; exchange region chief; Commander, AAFES; and commander of each major Army command (MACOM) or major Air Force command (MAJCOM) oversea commander.)

e. In European and Pacific areas served by an AAFES oversea exchange system, joint councils will be set up by the proper MACOM and MAJCOM oversea commanders. (Council may be set up in other oversea areas if determined necessary by the MACOM and MAJCOM oversea commander.)

(1) The oversea exchange system commander, the senior AAFES representative for other areas, or their designated representative, will serve as an ex officio member without vote.

(2) Joint councils will consist of equal Army and Air Force representation. The chairmanship will alternate between the two Services.

(3) The minutes of council meetings will be sent to the appropriate oversea exchange system commander or CONUS exchange region chief and to the Commander, AAFES.

#### **1-8. Command relationships**

General policies governing AAFES are developed by the Board of Directors, AAFES, and the departmental staffs and published in joint Army and Air Force directives. The Commander, AAFES, will publish operating instructions and procedures.

#### **1-9. Legal status of AAFES**

a. The AAFES is an instrumentality of the United States. It is entitled to the immunities and privileges enjoyed by the Federal Government under the Constitution, Federal statutes, established principles of international law, and international treaties and agreements.

b. The AAFES is immune from direct State taxation and from State regulatory laws, whose application would result in interference with the performance by the AAFES of its assigned Federal of its assigned Federal functions. Such laws include licensing and price control statutes.

c. Suits by or against the AAFES or its individual activities, in tort or in contract, are, in legal effect, suits by or against the United States. Claims and judgments, including compromise settlements of court actions, against the United States arising out of AAFES activities sounding in tort are payable solely out of AAFES funds. However, judgments, including compromise settlements of court actions, against the United States arising out of AAFES activities sounding in contract will be obligated out of appropriated funds of the United States, except that AAFES will reimburse the United States.

#### **1-10. Use of AAFES trade names**

a. The Army and the Air Force Exchange Service possesses a common law property right in the terms and abbreviations shown below and any combination of them. The right to these terms and abbreviations has arisen out of prior constant usage over a long period of time.

- (1) Army and Air Force Exchange Service.
- (2) AAFES
- (3) Army and Air Force Exchange Service, Europe.
- (4) AAFES, Europe.
- (5) AAFES-EUR
- (6) Army and Air Force Exchange Service, Pacific.
- (7) AAFES, Pacific.
- (8) AAFES-PAC.
- (9) Post Exchange.
- (10) PX
- (11) Base Exchange.
- (12) BX

b. Use the trade names, abbreviations, terms, or references to

AAFES or its exchanges by and for any person, business, or publication in any type advertisement or promotional campaign is not authorized without the prior approval of the Commander, AAFES, or his or her designee. Any incidents of such unauthorized use, advertising, or promotions will be reported to the Commander, AAFES, for appropriate action.

c. Suspension of the use of any of the above abbreviations and terms by AAFES for any period of time does not constitute abandonment of any trade name.

d. Reference to AAFES or exchanges in advertising must contain a statement that the advertising was neither paid for nor sponsored in whole or part by AAFES.

#### **1-11. Funding support of AAFES**

Appropriated fund support, inclusive of military personnel staffing, will be provided AAFES per AR 215-1 and AFR 215-5.

## **Chapter 2 Responsibilities**

### **2-1. Commander, AAFES**

The Commander, AAFES, as executive agent of the AAFES Board of Directors, will manage all AAFES activities. The specific responsibilities of the Commander, AAFES are as follows:

*a. Exchange and motion picture services.*

(1) Supervise personnel, property, and funds worldwide.

(2) Submit an annual report, through the Board of Directors, to the Secretaries of the Army and the Air Force. This report will include—

(a) An annual audit statement issued by certified public accountants.

(b) A summary of exchange and motion picture operations during the prior fiscal year.

(3) Clearance for personnel within a specific area of control for access to classified defense information. Clearance will be given according to the provisions of AR 604-5 and AFR 205-32. The Commander, AAFES, may delegate this authority.

(4) Plan for and support Army and Air Force wartime operations or other emergency situations within the capabilities and limitations of AAFES.

*b. Exchange activities.*

(1) Operate, manage and supervise exchange activities worldwide.

(2) Provide updated sales figures for brand name components of the Ration Supplement Sundries Pack upon request of the military departments concerned.

(3) Prescribe uniform check-cashing procedures and controls. This includes guidance on the types and monetary limitations of checks to be cashed in exchanges and dishonored check procedures.

(4) Prescribe procedures for enforcing patronage eligibility and identification control.

(5) Act on requests or appeals from installation commanders to open AAFES outlets when local general managers and exchange region chiefs or oversea exchange system commanders have declined to provide requested services.

*c. Motion picture activities.*

(1) Operate, manage, and supervise motion picture service activities, personnel, property, and funds worldwide.

(2) Provide equipment for the operation of theaters and for the projection and showing of motion pictures at paid-admission theaters.

(3) Supply entertainment motion picture films.

(4) Prescribe procedures for patronage control at motion picture theaters.

(5) Maintain function and technical controls to ensure the efficient operation of theaters. This will be done per the AR 60/AFR 147-series regulations.

(6) Give technical advice to MACOM and MAJCOM commanders on appropriated fund construction, modification, or alteration of theaters.

### **2-2. Chiefs, CONUS exchange or distribution regions, and Commanders, AAFES, Europe, and AAFES, Pacific**

As directed by the Commander, AAFES, the Chiefs, CONUS exchange or distribution regions, and Commanders, oversea exchange systems (AAFES, Europe, and AAFES, Pacific), will—

a. Operate, manage, and supervise exchange and distribution activities. This includes reviewing decisions of exchange general managers who decline to provide a service or open an outlet when requested by installation commanders.

b. Manage the motion picture services in their regions. Specifically, they will—

(1) Provide technical supervision of theaters. This includes visits to Army and Air Force installations to review the functional and technical operation of theaters.

(2) Set up services according to recommendations of appropriate commanders and the criteria set by the Commander, AAFES.

(3) Request through Headquarters, AAFES, feature-length entertainment motion pictures.

(4) Prescribe theater personnel authorizations.

(5) Schedule the number of programs be exhibited per week in theaters. Scheduling must be done in coordination with the responsible MACOM or MAJCOM commander. The number of programs exhibited must be consistent with Service requirements and the economic aspects of the operation.

(6) Act as adviser to commanders on all phases of theater operations.

(7) Book and distribute film programs, previews, and advertising materials.

(8) Arrange for the transportation of films.

### **2-3. General managers**

AAFES civilian employees designated as general managers will—

a. Manage all exchange operations and administrative support activities for exchanges in a geographical area as directed by the Commander, AAFES. They will set hours of operation at exchange activities in coordination with the appropriate installation commander. Disputes over the set hours of operation may be forwarded by installation commanders through command channels to the Commander, AAFES, for resolution. If the dispute is not resolved to command satisfaction, it may be presented to the Executive Secretary, Board of Directors, Army and Air Force Exchange Service, for resolution by the Board.

b. Ensure the primacy of AAFES as the source of all nonsubsistence resale merchandise and services on military installations (see para 3-2). To do this, they will—

(1) Determine their ability to meet the merchandise or services resale requirements of nonappropriated fund instrumentalities (NAFIs) outlets not under AAFES control.

(2) Enter into written agreements with installation commanders when—

(a) AAFES determines that it cannot meet the particular resale requirement in a responsive manner.

(b) The goods and services to be sold are directly related to the purpose and function to the MWR/NAFI activity concerned.

(3) Provide commodity concessionaire services in oversea billeting and club activities on a management fee basis. They will also provide amusement machine services at locations not under AAFES control on a management fee basis. (See AR 215-1, chap 3, sec IV; AFR 176-1, para 3-5; AR 60-20/AFR 147-14, app B (notes 1 and 6), for operations control of vending and amusement machines.)

### **2-4. Exchange managers**

AAFES civilian employees designated as exchange managers will operate and manage all AAFES activities of a reporting exchange. This includes annexes and branches assigned to it for accounting purposes. They must manage these activities per departmental and

command directives and AAFES operating instructions and procedures.

## **2-5. Commanders of Army and Air Force major commands**

The involvement of commanders of Army and Air Force major commands in AAFES activities is discussed below.

*a. Exchange and motion picture activities.* MACOM and MAJCOM commanders will—

(1) Designate an appropriate staff element for liaison with Commander, AAFES.

(2) Recommend policy or procedural changes to improve AAFES operations.

(3) Provide logistical and administrative support. This support includes—

(a) Port handling and transportation for the movement of AAFES merchandise, film supplies, and equipment. Port handling and transportation will be provided for movement from CONUS ports to overseas ports and return, and between overseas ports. This support will be provided on a nonreimbursable basis per AR 37-23/AFR 172-1, Volume I and AR 215-1, chapter 10.

(b) Reviewing AAFES Facility Master Plans and long-range capital expenditure programs involving real property to ensure that they agree with command planning. (This review is optional in overseas areas. It may be done at the discretion of the major command.) MACOM and MAJCOM commanders will grant proprietary approval for AAFES work on real property; they may delegate their authority for this approval to a subordinate command. MACOM and MAJCOM commands will also ensure that AAFES-funded projects involving work on real property are reviewed for technical sufficiency.

(c) Transportation, facilities, operating personnel, security, and finance support for exchange operations in wartime or emergencies where use of AAFES personnel or facilities would not be possible.

(4) Setting up hours of work, rates of pay, and employment benefits for non-U.S. citizens employed at AAFES activities. This responsibility applies only to overseas MACOM or MAJCOM commanders or their designees. They will perform this responsibility when the overseas MACOM or MAJCOM is the executive agent for those purposes. They will perform it according to the treaties, agreements, and laws of the host country and in consultation with designated AAFES representatives.

(5) Developing contingency plans in conjunction with the Commander, AAFES, for exchange support during emergencies and wartime operations.

*b. Exchange activities.* MACOM and MAJCOM commanders will—

(1) Authorize the establishment of exchanges at installations under their command. They will provide exchange service at locations other than military installations when doing so is consistent with Departmental operational requirements.

(2) Evaluate the responsiveness of the exchange service to customer needs and command requirements. They will also evaluate the adequacy of patronage controls.

(3) Assist the Commander, AAFES, in collecting the amounts owed by personnel who cash dishonored checks in exchanges. They will also assist in taking the proper disciplinary action, if appropriate, against those personnel who are under military control.

(4) Ensure enforcement of departmental resale policy (para 3-2). This includes—

(a) Acting on proposals for installation NAFIs to continue a commodity concession contract in lieu of AAFES operation on a management fee basis.

(b) Acting on disagreements between installation commanders and exchange general managers involving local NAFIs versus AAFES operation of resale and service outlets.

(c) Approving or disapproving requests for continued operation by installation NAFIs of resale and service outlets when requested by installation commanders as a result of biennial review.

(5) Implementing and enforcing ration controls where they are

required. This responsibility applies only to commanders of overseas MACOMs and MAJCOMs or their designees.

(6) Coordinating with the overseas exchange system commander or chief, CONUS exchange region, to include exchange merchandise and services in agreements with the host country for reduced freight rates, customs clearances, and tax exemptions. This responsibility applies only to commanders of overseas MACOMs and MAJCOMs or their designees.

*c. Motion picture activities.* MACOM and MAJCOM commanders will—

(1) Determine whether the establishment of a theater is warranted. Establishment of a theater depends on personnel strength and the proximity of the proposed theater to other military or commercial entertainment facilities.

(2) Request the appropriate commander, overseas exchange system, or chief, CONUS exchange region, to set up motion picture service.

(3) Restrict the establishment of entertainment motion picture service to locations under the control of the U.S. Army or U.S. Air Force.

(4) Prohibit the establishment of a free-admission, 16mm entertainment motion picture service within 3 miles of a commercial theater or paid-admission Army or Air Force theater. A free-admission theater will not be established at any place where it would compete with a commercial theater or with a paid-admission Army or Air Force theater. Exceptions to this policy must be approved by the Commander, AAFES.

## **2-6. Installation commanders**

CONUS and overseas installation commanders and comparable commanders will carry out the responsibilities discussed below unless otherwise directed by their MACOM and MAJCOM commander.

*a. Exchange and motion picture activities.* Installation commanders will—

(1) Provide adequate, suitable facilities and services for AAFES activities. This includes buildings, grounds, outdoor enclosures as required for motion picture presentation, security, fire protection, communications, and sanitation services. They will also provide suitable facilities and services to administrative or logistical AAFES support activities located on military installations. Such support activities include overseas exchange system headquarters, exchange region offices, depots, warehouses, and manufacturing or processing plants.

(2) Include AAFES activities in command information programs and other information services.

(3) Provide the same logistic support for civilian personnel who operate AAFES activities that is provided to other nonappropriated fund employees. This support will not differ materially from that enjoyed by civilian personnel of the classified Federal service.

(4) Provide essential logistical and administrative support for military personnel assigned to AAFES. This includes the administration of military justice.

(5) Evaluate the responsiveness of AAFES service to customer needs and command requirements. Commanders are encouraged to solicit from exchange patrons their views on the adequacy of the exchange service on their installations and to communicate those views to the exchange management.

(6) Recommend changes in AAFES operations to improve customer service.

(7) Enforce lawful local dress, appearance, and uniform regulations for patrons using exchanges and motion picture theaters.

(8) Ensure that incidents of alleged criminality are reported for investigation to the appropriate provost marshal or U.S. Army Criminal Investigation Command (USACIDC) element or Air Force Office of Special Investigations (AFOSI). (See AR 195-7/AFR 124-19 for information on the criminal investigative support provided to AAFES.)

*b. Exchange activities.* Installation commanders will—

(1) Conduct liaison with the exchange manager, general manager, or the Commander, AAFES.

(2) Determine the requirements for opening exchange activities,

outlets, and services, and authorize their opening. Commanders will determine their requirements in coordination with the Commander, AAFES, or his or her designee. They will authorize only those activities that can provide optimum customer service and that can be efficiently and economically operated.

(3) Ensure that exchange hours of operation fully support command needs, mission readiness, and community requirements. Any adjustments of the hours will be coordinated with the exchange manager (para 2-3).

(4) Request items of merchandise to be stocked according to published stock assortment and other directives.

(5) Enforce departmental resale policy (para 3-2) as follows:

(a) Refer for AAFES operation, on a management fee basis, all overseas club and billeting NAFI commodity concession contracts. Included are existing contracts when their current term expires. If installation commanders judge that AAFES operation of existing contracts is not appropriate, they will request approval from the MACOM or MAJCOM to renew those contracts.

(b) Act on proposals for installation NAFIs to open new resale and services outlets. This installation commander will coordinate such proposals with the general manager of the servicing exchange. He or she will obtain from the manager a written agreement that AAFES cannot meet the resale requirement and that the goods and services to be offered are directly related to the purpose and function of the NAFI concerned. Installation commanders will refer all cases of disagreement to their MACOM or MAJCOM commanders for approval or disapproval.

(c) Review biennially all resale and services outlets opened per (b) above. This review will be made to confirm that the local NAFI operation should continue. Installation commanders will refer all those proposed for continuation to MACOM or MAJCOM commanders for approval or disapproval.

(d) Local command conducted a one-time review of all free-standing open-mess food outlets existing in March 1984. Those outlets not converted to AAFES or MWR operations were 'grandfathered' under 30 June 1988. Commanders will operate future free-standing food operations per (b) above.

(e) Consult with AAFES general managers on the feasibility of AAFES operation of amusement machines on a management fee basis at locations not under AAFES control. (See AR 60-20/AFR 147-14, app B [notes 1 and 6], for operations control of vending and amusement machines.)

(f) Appeal, if appropriate, declination of service requests by general managers, regional chiefs, and overseas exchange system commanders, directly to the Commander, AAFES.

(6) Concur in the need for new exchange concession, agency, and vending services, and review source lists of prospective offerors. The installation commander may delete from the source list any prospective source for documented security reasons and may recommend other source list additions or deletions. He or she will submit justification for recommended deletion to the Commander, AAFES, or his or her designee. A schedule of AAFES renewal actions will be provided to the installation commander for information.

(7) Advise the Commander, AAFES, of all tax and claim matters that effect exchange operations. Installation commanders will advise the Commander, AAFES, through their local exchange representatives as well as through command channels. (See AR 60-20/AFR 147-14, para 7-1, for information on tax disputes.)

(8) Provide utilities to exchange activities. The cost of all utilities furnished by the Government in CONUS (except sewage disposal) will be reimbursed. All utilities are furnished outside CONUS on a nonreimbursable basis. Reimbursement, when required, will be at a cost to the Government per AR 215-1, AR 420-41, AFR 215-5, and AFR 91-5.

(9) Issue identification documents to persons authorized to purchase at exchanges, to enter exchanges for official business without the privilege of purchase, or to act as an agent of an authorized patron. Installation commanders will ensure that disciplinary actions, if appropriate, are taken against persons who violate patron privileges. Installation commanders may permit visitors of authorized

patrons to enter the exchange without the privilege of purchase when accompanied by the patrons. The decision to grant the access privilege to such visitors will be discretionary based upon local conditions, the effect access may have on service to authorized patrons and, in foreign (overseas) areas, limitations imposed by host government agreements.

(a) In foreign (overseas) areas, the access privilege of visitors will be controlled as directed by the major commander concerned.

(b) In CONUS, when the access privilege is granted at the request of an authorized patron, it will be documented by a letter of authorization issued by the installation commander identifying the authorized patron must sign the letter of authorization issued by the installation commander identifying the authorized patron and his or her visitors. The authorized patron must sign the letter of authorization acknowledging that visitors will not purchase merchandise or services, except from the fountain, snack bar, or restaurant when the local commanding officer determines that these facilities are not conveniently available from other sources. In Alaska, Hawaii, Puerto Rico, and U.S. possession the installation commander may authorize the use of a return trip airline ticket, with proper identification, in lieu of the letter of authorization. On special occasions, such as completion of military training or school graduation, installation commanders may authorize the access privilege for all visitors of all authorized patrons. This authorization must be accomplished in writing. No individual letters of authorization from the installation commander are required during the period of such special events. However, all visitors to AAFES exchanges will be required to provide the following which will be maintained in a log by each exchange manager:

1. Visitors names

2. Authorized patron's name, rank/grade, and unit.

3. Patron's signature certifying that visitors will purchase no merchandise or service other than from the fountain, snack bar, or restaurant when the local commanding officer determines that these facilities are not conveniently available from other sources.

(10) Ensure that the identification card (ID) issuing facility provides a current listing of locally reported lost and stolen ID cards to exchange management.

c. *Motion picture activities.* Installation commanders will—

(1) Provide a properly equipped building, approved outdoor enclosure, or other facility suitable for presenting entertainment motion picture programs. A suitable facility will have at the least—

(a) Adequate seating.

(b) Heating (when a building).

(c) Lighting.

(d) Safety equipment.

(e) Adequate sanitary facilities for the seating capacity.

(f) Adequate ingress and egress. The facility will be known as an entertainment motion picture theater only during the period when used to exhibit 16mm or 35mm entertainment motion pictures at an admission price.

(2) Provide appropriated funds to equip, operate, and maintain theater facilities. Maintenance of facilities includes maintenance of the grounds and structures or the outdoor areas approved for presenting entertainment motion picture programs. Commanders will use appropriated funds to equip, operate, and maintain theater facilities for all purposes except when they are used for showing entertainment motion picture programs.

(3) Restrict the exhibition of entertainment motion pictures to authorized locations under the control of the U.S. Army or the U.S. Air Force.

(4) Prohibit free-admission exhibition of 16mm entertainment motion pictures at any place where it would compete with a commercial theater or with a paid-admission Army or Air Force theater. A competing exhibition will be permitted only if the various commercial companies and local exhibitors of 35mm or 16mm pictures agree to grant a waiver. The AAFES will obtain such waivers.

(5) Provide adequate security, safety, fire protection, and utilities for the theater facility per AR 215-1 and AFR 215-5.

(6) Cancel any scheduled performance of a motion picture program when use of the building is required for any military reason.



(7) Provide the personnel and equipment needed to present a film at free-admission sites. The personnel will serve without compensation from AAFES funds.

(8) Continue to provide theater officers to supervise theater activities at locations where AAFES has no existing presence. The officers will serve without compensation from AAFES funds.

(9) Appoint a building custodian for the theater facility when it is used for purposes other than a paid-admission theater.

## **Chapter 3**

### **Basic Policies**

#### **3-1. Establishing an AAFES activity**

An exchange or a motion picture theater may be established at any installation where military personnel are present and assigned to duty.

*a.* AAFES exchanges are set up primarily for the use of extended active duty Army and Air Force personnel and their dependents. An exchange may be provided at a location other than a military installation. This may be done if military personnel are present and assigned to duty at that location and if approved by the Department concerned (AR 60-20/AFR 147-14). Exchanges set up at State-operated installations will be operated and controlled by AAFES.

*b.* In the United States, motion picture theaters may usually be established only at Federally-owned installations. However, special motion picture support arrangements may be authorized per AR 60-20/AFR 147-14, chap 4. Requests to set up or discontinue entertainment motion picture service will be submitted per AR 60-20/AFR 147-14, chap 4.

#### **3-2. Resale policy**

*a.* AAFES will be in primary source of nonsubsistence resale merchandise and services on Army and Air Force installations.

*b.* Non-AAFES MWR NAFIs may engage in resale and services activities only when authorized by installation commanders upon written agreement of the servicing exchange general managers. Instances of disagreements will be referred to MACOM or MAJCOM commanders for approval or disapproval. In addition, Army and Air Force commanders with authority and responsibility for non-AAFES resale activities will follow the resale policy and procedures prescribed in AR 215-1 and AFR 176-1, respectively.

*c.* Merchandise sold by NAFIs in CONUS is limited to the items listed in AT 60-20/AFR 147-14, app C. The purchasing and pricing of foreign goods and services for resale by an overseas NAFI is according to the International Balance of Payments Program (IBOP) (AR 215-1, chap 10; AFR 176-9, atch 1).

*d.* Catalogs, brochures, and other sales literature of commercial firms may be made available by non-AAFES NAFIs only when—

(1) The merchandise offered is not available to the exchange patron through the AAFES.

(2) Participation of reputable sales sources is not restricted.

(3) All transactions are between the patron and the commercial source with no monetary participation using nonappropriated funds.

#### **3-3. Sales by civilian enterprises**

Commercial solicitation on military installation must be authorized by the installation commander per AR 210-7 and AFR 211-16. The commander may authorize solicitation privileges even though the merchandise or services sold by these companies are similar to that available through the exchange. However, requests for such types of solicitation privileges will be coordinated with local AAFES representatives.

#### **3-4. Procurement**

*a.* The Commander, AAFES, is vested with the responsibility and authority for the worldwide AAFES procurement of merchandise, supplies, film, services, facilities, equipment, architect-engineering

services, construction, and renovation of equipment and facilities. The Commander, AAFES may redelegate this authority. (See AR 60-20/AFR 147-14, para 3-20.) Procurement, including preliminary communications and negotiations, will be done only through, or as authorized by, the Commander, AAFES, or his or her designee.

(1) Assignments of procurement responsibility may be recorded in AAFES publications.

(2) Blanket delegation of procurement authority may be recorded in departmental directives. Individual delegation of procurement authority may be issued in letter form by the Commander, AAFES, as required.

*b.* The procurement authority of the Commander, AAFES, includes—

(1) Authority to negotiate, execute, approve, and administer contracts and amendments or changes to them.

(2) Authority to designate contracting officers and contracting officer representatives.

(3) Authority to issue uniform procurement instructions and standard contract forms. The Commander, AAFES, may approve deviations from the instruction and forms when consistent with departmental regulations.

*c.* Only duly appointed AAFES contracting officers who have been specifically delegated the authority to execute contracts will perform AAFES procurement.

*d.* As much as possible, procurement will be done through negotiation rather than sealed bidding, and full and free competition will be encouraged. (This does not apply to selected brand-name merchandise and the services discussed in g below.) All procurement is immune from State regulation and control, and from inapplicable antitrust laws.

*e.* Contracts will be awarded or issued only to—

(1) Responsive and responsible offerors whose proposals are most advantageous (price, fee, and other factors considered).

(2) Offerors of brand-name merchandise whose proposals are satisfactory or acceptable.

(3) Minority business concerns per g and h below.

*f.* Contracting officers will use modern retail practices and procedures as much as possible to select merchandise for sale in exchanges. In selecting merchandise, contracting officers must ensure the following requirements are met—

(1) All qualified sources may present their products for consideration.

(2) Selection and procurement decisions will be governed by stock assortment limitations, quality, workmanship, styles, fabrics, fashions, price, consumer trends, customer wants, customer acceptance, availability, and source reputation. Decisions may also be governed by other factors determined by the Commander, AAFES, or his or her designee.

*g.* Certain contracts for concession services not currently available on a military installation may be set aside for minority business concerns. The Minority Business Development Agency (MBDA) will identify the eligible concerns; the Commander, AAFES, will set procedures for awarding these contracts. Each nominated minority concern is eligible for only one reserved contract at a time. If the nominee is a franchisee or subsidiary of a minority business enterprise, the one contract limitation will also apply to the franchisor or parent firm as if it and the franchisee or subsidiary were one entity. However, any firm nominated, if determined ineligible for a reserved contract under this provision, will be included on the source list for competitive solicitation of the service if otherwise eligible. Further, any follow-on contracts will be awarded only on the basis of full and free competition among all interested qualified concerns. Before making awards to minority business concerns under this program, the contracting officer must determine that price and or fees are fair and reasonable.

*h.* Contracting officers will award contracts to responsible minority business concerns when—

(1) The concerns can meet AAFES requirements for equipment or expense items under \$1,000 or construction or renovation not exceeding \$2,000.

(2) Their prices are determined to be fair and reasonable. Contracts will be awarded to these firms without competition and according to procedures prescribed by the Commander, AAFES.

i. The Commander, AAFES, will implement the nonappropriated fund procurement policies and procedures for AAFES activities prescribed in DODI 4105.67. The Commander, AAFES will make the decisions and take the actions that are authorized in this directive.

j. Headquarters, AAFES, will procure all feature length 16mm or 35mm entertainment motion pictures for AAFES exhibition at theaters on Army and Air Force installations.

### **3-5. Equipment and facilities**

a. Exchange managers or general managers will develop AAFES facility Master Plans according to procedures published by the Commander, AAFES. These plans will be developed as an extension to the installation master planning effort under AR 210-20 and AFR 86-4. The plans will include requirements for exchange and motion picture facilities and equipment.

b. The Commander, AAFES, will administer the Capital Expenditure Program within annual funding ceilings set by the Board of Directors.

c. AAFES funds may, as a policy exception, be used instead of appropriated funds to provide adequate and suitable exchange facilities. The Board of Directors or the Commander, AAFES, must approve such use of AAFES funds per AR 60-20/AFR 147-14, paragraphs 1-5 and 3-38.

d. The AAFES is designated as the using agency of facilities when they are occupied or being used by AAFES activities. On behalf of the Board of Directors, the Commander, AAFES, will design and construct AAFES-funded projects according to the standards set by the Departments of the Army and the Air Force. When designing and constructing these projects, the Commander, AAFES, will coordinate with installation, MACOM, and departmental engineering elements per AR 60-31/AFR 147-26. Appropriated-fund projects will be submitted by the exchange or exchange service headquarters, to the Commander, AAFES, for review of this items directly affecting AAFES operations or later AAFES activation costs.

e. Motion picture facilities are intended for the purpose of motion picture entertainment all nonmilitary uses are subordinate. The facility will be known as an entertainment motion picture theater only during the period when used for the paid-admission exhibition of 16mm or 35mm entertainment motion pictures.

f. Theater changeable-letter signs, one-sheet display frames, and sound and projection equipment in Army and Air Force theaters will be used for approved performances of entertainment motion picture films and for the exhibition of training or educational films. Any modification or interconnection of 16mm motion pictures or other extraneous equipment is prohibited.

g. Theater facilities are available for substitute entertainment and other purposes. The facilities are available only under the conditions discussed below. The installation commander will appoint a liaison officer to coordinate with the local exchange management when theater facilities are needed for these other purposes.

(1) When the building is needed for substitute entertainment, the CONUS exchange system will be informed. The region office or oversea system will be informed in writing and in enough time to permit cancellation of the scheduled films. The opportunity to give substitute entertainment without totally displacing the motion picture program should not be disregarded. Presenting two different forms of entertainment may create some problems, but this should not prevent the full use of the building. Substitute forms of entertainment may appeal to one group while motion pictures may appeal to another group.

(2) Motion picture performances may be canceled to permit use of the building for religious services only at an installation where a chapel has not been provided.

(3) The cancellation of motion picture showings to promote attendance at other recreational or athletic activities or the observance of religious holidays is not authorized.

### **3-6. Financing service**

Financing service is authorized for the sale of new U.S.-manufactured automobiles and motorcycles in oversea exchanges and for the sale of encyclopedias worldwide. However, the financing must be done by a U.S. finance company, financial institution, or credit union per AR 210-7, AR 210-24, AR 210-135, AR 600-15, AFR 35-18, and AFR 211-16. (See AR 60-20/AFR 147-14, para 3-10, for credit sales of AAFES merchandise or services.)

### **3-7. Patronage**

Exchange and motion picture theater privileges will be extended only to authorized persons or organizations as prescribed by AR 60-20/AFR 147-14, chapter 2.

### **3-8. Earnings**

Earning from CONUS exchange and motion picture operations will be accounted for separately from oversea exchange and motion picture operation. Earnings will be shown as a subdivision of net assets, and the earnings of each service will be segregated within each account on the basis of the relative average military strength of that service.

### **3-9. Dividends**

The Board of Directors will declare dividends based on earnings, available funds, and required capital. Payment of dividends to the Army Morale, Welfare, and Recreation Fund and Air Force Central Welfare Fund will be in the same ratio used for the segregation of earnings.

### **3-10. AAFES personnel**

a. Army and Air Force officers will be in executive control of AAFES. In addition, military personnel may be assigned to exchange activities for—

(1) Essential command supervision that cannot otherwise be effectively provided.

(2) Purposes of rotation, training, and career progression not available at other activities.

(3) Duties at locations where qualified civilians are not available.

b. AAFES funds will not be used to pay—

(1) Military personnel assigned to AAFES operations as a military duty.

(2) Expenses for the travel of military personnel performing command supervision or the travel of appropriated fund civilian personnel.

(3) Military personnel detailed to AAFES for purposes such as rechecking inventory or investigating losses.

c. As long as the performance of their assigned military duties is not impaired, off-duty enlisted military personnel may be employed at AAFES. Their employment is authorized by AR 215-3, chapter 2, section 5 and AFR 40-7; their employment is subject to the limitations imposed by AR 600-50 and AFR 30-30. These personnel will be paid from AAFES funds at the prevailing rates authorized AAFES U.S. citizen civilian employees performing similar services. While employed by AAFES, these personnel are not considered to be performing military duties.

d. Civilian personnel paid from AAFES funds will be used to satisfy normal management, administrative, and operational manning requirements within the AAFES.

(1) AAFES civilian personnel are appointed Federal employees of an instrumentality of the United States within the Department of Defense. Because they are compensated from appropriated funds, they are distinguished from other civilian employees of the Armed Services who are compensated from appropriated funds. For example, they are not held or considered as employees of the United States for certain purposes, such as the civil service laws and the Federal Employees Compensation Act (section 2105, title 5, United

States Code). Compensation benefits for death or disabilities incurred during employment are provided according to the provisions of the Nonappropriated Fund Instrumentality Act (section 8171, title 5, United States Code). Benefits are also provided in the Federal Unemployment Act (section 8501, title 5, United States Code) as implemented by AR 60-21/AFR 147-15, paragraph 5-23.

(2) The Commander, AAFES will set the policies, programs, and procedures governing the administration of AAFES civilian employees. The Commander, AAFES, will set them according to the objectives of the Department of Defense Personnel Policy Manual and the Personnel Policy Manual for Nonappropriated Fund Instrumentalities (DOD 1401.1-M) and the basic policies approved by the Board of Directors.

(3) Civilian employees paid from appropriated funds may be used for command liaison with exchanges. They may also be used as theater officers, or assistant theater officers at free-admission and paid-admission theaters at locations where AAFES has no existing presence. They will not be used in the operation of exchanges.

### **3-11. Payment of theater expenses**

In the operation of entertainment motion picture theaters, the AAFES will pay civilian employees and off-duty military personnel employed per AR 60-21/AFR 147-15. AAFES will also pay for the purchase of operating equipment and supplies per AR 215-1 or AFR 215-5. The AAFES will pay janitorial services only for the periods when the theater is used for other purposes, the commander will provide janitorial services. Expendable articles of regular issue needed to maintain and clean the theater will be obtained, without reimbursement, from the proper Army or Air Force supply agency.

### **3-12. Loss of theater cash or other assets**

a. Exchange managers will give a preliminary notice to the over-sea exchange system commanders or CONUS exchange region chiefs as soon as they detect a possible loss in cash or other assets and possible damage to AAFES property.

b. Losses will be investigated and recovered per AR 60-20/AFR 147-14, paragraph 6-12.

### **3-13. Communication systems**

The communication facilities of the Departments of the Army and the Air Force may be used when supporting the command management functions of the exchange service. This includes statistical data gathering and reporting and communications with other DOD and Government agencies. Messages requiring transmission over commercial communications to reach the ultimate addressee will be refiled as "COLLECT" (AR 105-31).

### **3-14. Department and command inspections**

a. The inspectors general of the Army and the Air Force will jointly inspect the AAFES as required and as directed by the Chiefs of Staff of the Army and the Air Force. Responsibility for supervision inspections will alternate between departments. The inspector general of the supervising department will submit department inspections through the Board of Directors, AAFES, to the Commander, AAFES, to the Commander, AAFES. A copy of the report will be furnished to the inspector general of the other department for coordination.

b. The inspector general of the supervising department will invite the inspector general of the other department to contribute inspectors for the inspection. At least one inspector from the other department will be assigned for coordination and representation.

c. Below department level, the MACOM or MAJCOM commander or installation commander will determine when exchanges and motion picture operations will be inspected. Inspections will be conducted as required. Guidance for command inspections is given below:

(1) Command inspections of exchanges and motion picture theaters will normally be limited to matters related to command responsibilities (paras 2-5 and 2-6).

(2) Internal exchange and motion picture theater operating procedures (including inventory and accounting practices) are responsibilities of AAFES. Matters related to these procedures will not normally be considered in command inspections.

(3) Reports of command inspections will be submitted through normal command channels per AR 20-1 or AFR 123-1.

### **3-15. Audit by certified public accountants**

A certified public accounting firm will audit AAFES annually. The accounting firm will report directly to the Board of Directors, AAFES. Representatives of the accounting firm may visit exchange outlets during the audit. Contracts for audit services may be awarded for a period not to exceed 2 years may be renewed for three additional 1-year periods.

### **3-16. Internal audits**

a. The internal audits organization, responsibilities, and mission applicable to the military exchange systems are prescribed in DODI 7600.7-M. The management and performance of the internal audit function of AAFES are conducted per this instruction.

b. Internal audit emphasis for AAFES elements and functions worldwide will be placed where need exists and will consider areas of significant management interest. Audits will be conducted per the internal audit programs and procedures prescribed by the Audit Division, AAFES.

c. The Commander, AAFES will review and approve the annual internal audit plan for the ensuing calendar year. The audit plan will also be reviewed by the Audit Committee of the Board of Directors per AR 15-110/AFR 147-1.

d. Followup audits may be made on a selective basis to ensure that appropriate management action is taken to correct existing deficiencies and to prevent their recurrence.

e. Any level of management in AAFES may request that special audits be made.

### **3-17. Army Audit Agency audits**

The U.S. Army Audit Agency has been designated as the Executive Agent to evaluate the adequacy of AAFES internal audits. The Army Auditor General is the principal point of contact for matters pertinent to performance of the audit evaluation function, and reporting the results to the Commander of AAFES, the Board of Directors of AAFES, and the Chiefs of Staff and Secretaries of the Army and the Air Force. The performance of the audit evaluation function will be accomplished in consultation with, and assistance of, the U.S. Air Force Auditor General.

### **3-18. General Accounting Office audits**

a. The Comptroller General and his or her authorized representatives will have access to all books, accounts, records, documents, reports, files, and other papers, or property of the AAFES that the Comptroller General needs to—

(1) Audit operations and funds.

(2) Audit systems of accounting and internal controls.

(3) Review any internal or independent audits or reviews.

b. All levels of AAFES will fully cooperate with representatives of the General Accounting Office (GAO). (See AR 36-2 and AFR 11-8, for coordinating with GAO audits and auditors.)

### **3-19. Transfer of activities**

An exchange or any organizational activity may be transferred between AAFES and some other NAFI. For example, the activity may be transferred between AAFES and the Navy Resale and Services Support Office, Marine Corps Exchange Service, U.S. Coast Guard Exchange System, or some other Government agency. When an activity is transferred, the Commander, AAFES, and the commander or head of the other NAFI or Government agency will determine by agreement provisions for transferring assets and for granting entitlements and benefits to the employees whose positions will be transferred with the activity to the gaining NAFI or Government agency. If an agreement cannot be reached, the departments involved will determine the provisions of transfer.

## **Appendix A References**

### **Section I Required Publications**

#### **AFR 176-1**

Nonappropriated Fund: Basic Responsibilities, Policies, and Practices. (Cited in 2-3 and 3-2.)

#### **AFR 215-5**

Appropriated Fund Support. (Cited in paras 1-11, 2-6, and 3-11.)

#### **AR 15-110/AFR 147-1**

Board of Directors, Army and Air Force Exchange Service. (Cited in para 1-1, 1-7, and 3-16.)

#### **AR 60-20/AFR 147-14**

Army and Air Force Exchange Service Operating Policies. (Cited in paras 1-3, 2-3, 2-6, 3-1, 3-4, 3-5, 3-6, 3-7, and 3-12.)

#### **AR 60-31/AFR 147-26**

Army and Air Force Exchange Service Equipment and Facilities. (Cited in para 3-5.)

#### **AR 215-1**

The Administration of Army Morale, Welfare and Recreation Activities and Nonappropriated Fund Instrumentalities. (Cited in paras 1-11, 2-3, 2-5, 2-6, 3-2, and 3-11.)

#### **DODD 1330.9**

Armed Services Exchange Regulations (FM&P)

#### **DODI 1330.18**

Resale Activities Conducted with the Use of Nonappropriated Funds Other Than by Military Exchanges (FM&P)

### **Section II Related Publications**

A related publication is merely a source of additional information. The user does not have to read it to understand this regulation.

#### **AFR 11-8**

Air Force Relations with General Accounting Office (GAO)

#### **AFR 30-30**

Standards of Conduct

#### **AFR 35-18**

Financial Responsibility

#### **AFR 40-7**

Nonappropriated Funds Personnel Management and Administration

#### **AFR 86-4**

Base Comprehensive Planning

#### **AFR 91-5**

Utilities Services

#### **AFR 123-1**

The Inspection System

#### **AFR 172-1, Volume I**

USAF Budget Policies and Procedures

#### **AFR 176-9**

Nonappropriated Fund Contracting

#### **AFR 205-32**

USAF Personnel Security Program

#### **AFR 211-16**

Personal Commercial Affairs

#### **AR 20-1**

Inspector General Activities and Procedures

#### **AR 25-1**

Army Information Resources Management Program

#### **AR 36-2**

Processing Internal and External Audit Reports and Follow-up on Findings and Recommendations

#### **AR 37-23**

Financing Costs of Transportation of AAFES Materiel to and from Army and Air Force Oversea Organizations

#### **AR 105-31**

Record Communications

#### **AR 195-7/AFR 124-19**

Criminal Investigative Support to the Army and Air Force Exchange Service

#### **AR 210-7**

Commercial Solicitation on Army Installations

#### **AR 210-20**

Master Planning for Army Installation

#### **AR 210-24**

Credit Unions

#### **AR 210-135**

Bank Service on Army Installations

#### **AR 215-2**

The Management and Operation of Army Morale, Welfare, and Recreation Programs and Nonappropriated Fund Instrumentalities

#### **AR 215-3**

Nonappropriated Funds Personnel Policies and Procedures

#### **AR 600-15**

Indebtedness of Military Personnel

#### **AR 600-50**

Standards of Conduct for Department of the Army Personnel

#### **AR 604-5**

Clearance of Personnel for Access to Classified Defense Information and Material

#### **DODI 4105.67**

Nonappropriated Fund Procurement Policy (FM&P)

#### **DODI 7600.2**

Audit Policies

#### **DOD 1401.1-M**

Personnel Policy Manual for Nonappropriated Fund Instrumentalities (FM&P)

#### **DOD 7600.7-M**

Internal Audit Manual

## **Glossary**

### **Section I**

#### **Abbreviations**

##### **AAFES**

Army and Air Force Exchange Service

##### **AFMPC/DPMS**

Headquarters, Air Force Military Personnel Center, Directorate of Morale, Welfare, and Recreation Operations

##### **AFOSI**

Air Force Office of Special Investigations

##### **ASD (FM&P)**

Assistant Secretary of Defense (Force Management and Personnel)

##### **CONUS**

continental United States

##### **DA**

Department of the Army

##### **DAF**

Department of the Air Force

##### **DOD**

Department of Defense

##### **DPCA**

Director of Personnel and Community Activities

##### **ERCC**

Exchange Region Commanders' Council

##### **GAO**

General Accounting Office

##### **HQDA**

Headquarters, Department of the Army

##### **HQDAF**

Headquarters, Department of the Air Force

##### **IBOP**

international balance of payments

##### **MACOM**

major Army command

##### **MAJCOM**

major Air Force command

##### **MBDA**

Minority Business Development Agency

##### **MWR**

morale, welfare, and recreation

##### **MWR CAT III**

Military General Welfare and Recreation, Category III

##### **OCONUS**

outside continental United States

## **USACIDC**

U.S. Army Criminal Investigation Command

### **Section II**

#### **Terms**

##### **AAFES activities**

Exchange and motion picture activities

##### **Installation/base commanders**

Army or Air Force commanders of the active forces

##### **Military departments**

Departments of the Army, Navy, and Air Force

##### **Military personnel present and assigned to duty**

Army or Air Force personnel on extended active duty.

##### **Military services**

U.S. Army, Navy, Air Force, Marine Corps, and Coast Guard.

##### **Nonappropriated fund instrumentality**

An integral DOD organizational unit that performs an essential Government function. It acts in its own name to provide or assist other DOD organizations in providing MWR programs for military personnel and authorized civilians. It is established and maintained individually or jointly by the Secretaries of the military departments. As a fiscal entity, it maintains custody of, and control over, its nonappropriated funds (NAFs) and contributes to the MWR programs of organizational entities. It is not incorporated under the laws of any State or the District of Columbia, and it enjoys the legal status of an instrumentality of the United States.

##### **Nonappropriated funds**

Cash and other assets received by NAFIs from sources other than monies appropriated by the Congress of the United States.

### **Section III**

#### **Special Abbreviations and Terms**

There are no special terms.

**Unclassified**

**PIN 000842-000**

# USAPA

ELECTRONIC PUBLISHING SYSTEM  
TEXT FORMATTER ... Version 2.45

PIN: 000842-000  
DATE: 08-12-98  
TIME: 14:14:05  
PAGES SET: 13

---

DATA FILE: r601.fil  
DOCUMENT: AR 60-10  
DOC STATUS: REVISION